

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name WHITE PIGEON VILLAGE	County St. Joseph
Fiscal Year End 03/31/06	Opinion Date 06/27/06	Date Audit Report Submitted to State 09/08/06	

We affirm that:

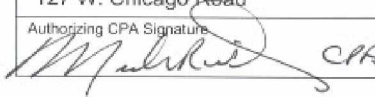
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No Comments and Recommendations	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Norman & Paulsen, P.C.		Telephone Number 269-651-3228	
Street Address 127 W. Chicago Road		City Sturgis	State Zip MI 49091
Authorizing CPA Signature  CPA		Printed Name Michael R Wilson	License Number 1101017570

VILLAGE OF WHITE PIGEON, MICHIGAN
ST. JOSEPH COUNTY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

March 31, 2006

VILLAGE OF WHITE PIGEON

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of White Pigeon, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of White Pigeon, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of White Pigeon management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of White Pigeon, Michigan, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of White Pigeon basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 27, 2006

Norman & Paulsen, P.C.

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of White Pigeon financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Village's financial statements.

Financial Highlights

The Village's overall financial position decreased by \$37,225 during the fiscal year ended March 31, 2006, which represents 2.7 percent of the net asset position at the beginning of the year. Included in the Village's total net assets of \$1,344,474 are the Water Supply System Fund net assets of \$847,427. The Water Supply System's net assets decreased by \$16,177.

The Village's Governmental Funds reflected a total fund balance at March 31, 2006 of \$297,079, which was an increase of \$8,692 from the prior year end. Included in this increase was the General Fund which reflected a decrease of \$6,490.

The total Governmental Fund expenditures for the year ended March 31, 2006, amounted to \$601,580, of which \$315,411 (52 percent) was for public safety; \$207,607 (35 percent) was for public works; and \$78,562 (13 percent) was for general government.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village as a Whole

The following table shows, in a condensed format, the net assets as of the current year end and compared to the prior year end under the modified accrual basis of accounting:

(dollars presented in thousands)				
	Governmental Funds		Enterprise Funds	
	2006	2005	2006	2005
Assets	\$ 311	\$ 297	\$ 1,028	\$ 1,054
Liabilities	14	8	181	190
Fund Equity				
Invested in capital assets, net of related debt	-	-	611	643
Retained Earnings				
Restricted	-	-	50	40
Unreserved	-	-	186	181
Fund Balances				
Reserved	123	131	-	-
Unreserved	<u>174</u>	<u>158</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>\$ 297</u>	<u>\$ 289</u>	<u>\$ 847</u>	<u>\$ 864</u>

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows, in a condensed format, the net assets of the current year end and compared to the prior year end as required by GASB 34 stated under the full accrual basis.

(dollars presented in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 311	\$ 296	\$ 242	\$ 226
Capital assets	<u>200</u>	<u>230</u>	<u>786</u>	<u>828</u>
Total assets	511	526	1,028	1,054
Long-term debt outstanding	-	-	175	185
Other liabilities	<u>14</u>	<u>8</u>	<u>6</u>	<u>5</u>
Total liabilities	14	8	181	190
Net assets				
Invested in capital assets, net of related debt	200	230	611	643
Restricted	-	-	50	40
Unrestricted	<u>297</u>	<u>288</u>	<u>186</u>	<u>181</u>
Total net assets	<u>\$ 497</u>	<u>\$ 518</u>	<u>\$ 847</u>	<u>\$ 864</u>

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes of the net assets during the current year as compared to the prior year, under the modified accrual basis of accounting:

(dollars presented in thousands)

	Governmental Funds		Enterprise Funds	
	2006	2005	2006	2005
Revenue				
Taxes	\$ 273	\$ 269	\$ -	\$ -
Licenses and permits	2	1	-	-
Federal grants	12	-	-	-
State shared revenue	282	284	-	-
Charges for services	16	27	119	106
Interest	4	3	7	7
Other	21	24	-	-
Operating transfer	-	-	-	-
Total revenue	610	608	126	113
Program expenses				
General government	79	78	-	-
Public safety	315	298	-	-
Public works	208	225	-	-
Capital outlay	-	-	-	-
Water system	-	-	90	66
Depreciation	-	-	42	42
Interest expense	-	-	10	10
Operating transfer	-	-	-	-
Total expenses	602	601	142	118
Excess (deficiency)	<u>\$ 8</u>	<u>\$ 7</u>	<u>\$ (16)</u>	<u>\$ (5)</u>

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows, in a condensed format, the changes in net assets during the current year as compared to the prior year as required by GASB 34 stated under the full accrual basis of accounting.

(dollars presented in thousands)

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Revenues				
Program revenues				
Charges for services	\$ 22	\$ 16	\$ 119	\$ 106
Operating grants and contributions	133	120	-	-
Capital grants and contributions	-	-	-	-
General revenues				
Property taxes	273	269	-	-
State shared revenues	161	165	-	-
Unrestricted investment earnings	4	3	7	7
Miscellaneous	1	35	-	-
Total revenues	594	608	126	113
Expenses				
General government	99	98	-	-
Public safety	322	310	-	-
Public works	194	233	-	-
Water system	-	-	142	118
Total expenses	615	641	142	118
Change in net assets	<u>\$ (21)</u>	<u>\$ (33)</u>	<u>\$ (16)</u>	<u>\$ (5)</u>

The Village's Funds

Our analysis of the Village's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. Major funds for the fiscal year ended March 31, 2006 include the General Fund and the Major Street and Local Street Funds.

The General fund pays for most of the Village's governmental services. The primary services include police protection services and administrative services related to general operations that support the primary services. The General Fund is funded primarily by property taxes and state shared revenues.

VILLAGE OF WHITE PIGEON

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

As shown in the required supplemental information, the Village budgeted a decrease of \$453 in the original budget and a decrease of \$10,416 in the amended budget. Actual operating results ended up as a decrease of \$6,490.

The original budget was amended to reflect an increase in federal grant revenues and to better reflect anticipated expenditures.

The actual results ended the fiscal year within \$3,926 of the amended budget.

Capital Assets and Debt Administration

During the year ended March 31, 2006, the total capital assets of the Village increased by \$10,000 for a \$5,000 police vehicle and a \$5,000 pick up truck.

During the year ended March 31, 2006, the total debt obligations of the Village decreased by the scheduled principal payment of \$10,000. Total debt obligations at March 31, 2006 amounted to \$175,000.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village office.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF WHITE PIGEON

STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
ASSETS			
Cash and investments	\$ 229,965	\$ 105,240	\$ 335,205
Receivables, net	81,131	42,250	123,381
Receivables, long-term portion	-	95,341	95,341
Capital assets - net	<u>199,968</u>	<u>785,504</u>	<u>985,472</u>
Total assets	511,064	1,028,335	1,539,399
LIABILITIES			
Accounts payable	7,933	1,614	9,547
Accrued and other liabilities	6,084	4,294	10,378
Debt obligations:			
Due within one year	-	10,000	10,000
Due in more than one year	<u>-</u>	<u>165,000</u>	<u>165,000</u>
Total liabilities	<u>14,017</u>	<u>180,908</u>	<u>194,925</u>
NET ASSETS			
Invested in capital assets, net of related debt	199,968	610,504	810,472
Restricted for:			
Debt service	-	30,563	30,563
Other purposes	-	20,000	20,000
Unrestricted	<u>297,079</u>	<u>186,360</u>	<u>483,439</u>
Total net assets	<u>\$ 497,047</u>	<u>\$ 847,427</u>	<u>\$ 1,344,474</u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 98,932	\$ 7,646	\$ -	\$ -
Public safety	322,041	14,628	12,803	-
Public works	<u>194,546</u>	<u>-</u>	<u>119,948</u>	<u>-</u>
Total governmental activities	615,519	22,274	132,751	-
Business-type activities:				
Water Supply System	<u>141,953</u>	<u>118,819</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 757,472</u>	<u>\$ 141,093</u>	<u>\$ 132,751</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State shared revenues				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING OF YEAR				
NET ASSETS - END OF YEAR				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
\$ (91,286)	\$ -	\$ (91,286)
(294,610)	-	(294,610)
<u>(74,598)</u>	<u>-</u>	<u>(74,598)</u>
(460,494)	-	(460,494)
<u>-</u>	<u>(23,134)</u>	<u>(23,134)</u>
(460,494)	(23,134)	(483,628)
273,066	-	273,066
161,210	-	161,210
3,859	7,017	10,876
<u>1,251</u>	<u>-</u>	<u>1,251</u>
<u>439,386</u>	<u>7,017</u>	<u>446,403</u>
(21,108)	(16,117)	(37,225)
<u>518,155</u>	<u>863,544</u>	<u>1,381,699</u>
<u>\$ 497,047</u>	<u>\$ 847,427</u>	<u>\$ 1,344,474</u>

FUND FINANCIAL STATEMENTS

VILLAGE OF WHITE PIGEON

**GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2006**

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 128,270	\$ 58,765	\$ 42,930	\$ 229,965
Due from other governmental units	60,545	14,896	5,690	81,131
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 188,815</u>	<u>\$ 73,661</u>	<u>\$ 48,620</u>	<u>\$ 311,096</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 7,821	\$ 112	\$ -	\$ 7,933
Accrued liabilities	5,985	76	23	6,084
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	13,806	188	23	14,017
FUND BALANCE				
Reserved for road maintenance	31,915	-	-	31,915
Reserved for drug forfeiture program	16,375	-	-	16,375
Reserved for capital acquisitions	59,304	-	-	59,304
Reserved for depot restoration	7,046	-	-	7,046
Reserved for salvage inspection program	7,225	-	-	7,225
Reserved for unemployment	1,000	-	-	1,000
Reserved for disaster contingency	132	-	-	132
Unreserved	<u>52,012</u>	<u>73,473</u>	<u>48,597</u>	<u>174,082</u>
Total fund balance	<u>175,009</u>	<u>73,473</u>	<u>48,597</u>	<u>297,079</u>
Total liabilities and fund balance	<u>\$ 188,815</u>	<u>\$ 73,661</u>	<u>\$ 48,620</u>	<u>\$ 311,096</u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

GOVERNMENTAL FUNDS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2006

Total governmental fund balances \$ 297,079

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the funds.

Governmental capital assets	\$ 857,780	
Less accumulated depreciation	<u>(657,812)</u>	<u>199,968</u>

Net assets of governmental activities \$ 497,047

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2006**

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 273,066	\$ -	\$ -	\$ 273,066
Federal grants	11,904	-	-	11,904
State aid	161,210	81,256	33,178	275,644
State grants	6,413	-	-	6,413
Interest and penalties	3,859	-	-	3,859
Licenses, permits and fees	2,401	-	-	2,401
Rent	20,050	-	-	20,050
Other	<u>16,935</u>	<u>-</u>	<u>-</u>	<u>16,935</u>
Total revenues	495,838	81,256	33,178	610,272
EXPENDITURES				
General government	182,014	-	-	182,014
Park	3,991	-	-	3,991
Fire service	3,000	-	-	3,000
Village hall	4,281	-	-	4,281
Police department	309,042	-	-	309,042
Major streets	-	56,750	-	56,750
Local streets	<u>-</u>	<u>-</u>	<u>42,502</u>	<u>42,502</u>
Total expenditures	<u>502,328</u>	<u>56,750</u>	<u>42,502</u>	<u>601,580</u>
Excess (deficiency) of revenues over expenditures	(6,490)	24,506	(9,324)	8,692
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	7,000	7,000
Operating transfers out	<u>-</u>	<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(7,000)</u>	<u>7,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,490)	17,506	(2,324)	8,692
FUND BALANCE - BEGINNING	<u>181,499</u>	<u>55,967</u>	<u>50,921</u>	<u>288,387</u>
FUND BALANCE - ENDING	<u>\$ 175,009</u>	<u>\$ 73,473</u>	<u>\$ 48,597</u>	<u>\$ 297,079</u>

See accompanying notes to financial statements

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

Change in net assets of governmental activities	<u>\$ (21,108)</u>
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VILLAGE OF WHITE PIGEON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
YEAR ENDED MARCH 31, 2006

	<u>Water Supply System Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 54,677
Accounts receivable	33,250
Special assessments receivable	<u>9,000</u>
Total current assets	96,927
NONCURRENT ASSETS	
Restricted cash and cash equivalents	50,563
Special assessments receivable	95,341
Capital assets, net of depreciation	<u>785,504</u>
Total noncurrent assets	<u>931,408</u>
Total assets	1,028,335
LIABILITIES	
CURRENT LIABILITIES	
Current portion of long-term debt	10,000
Accounts payable	1,614
Accrued liabilities	<u>4,294</u>
Total current liabilities	15,908
NONCURRENT LIABILITIES	
Long-term debt, net of current portion	<u>165,000</u>
Total liabilities	<u>180,908</u>
NET ASSETS	
Invested in capital assets, net of related debt	610,504
Restricted for debt service	30,563
Restricted for maintenance	20,000
Unrestricted	<u>186,360</u>
Total net assets	<u><u>\$ 847,427</u></u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

PROPRIETARY FUNDS

STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2006

	Water Supply <u>System Fund</u>
OPERATING REVENUE	
Charges for services	\$ 118,819
OPERATING EXPENSES	
Operating and administrative	90,423
Depreciation	<u>42,000</u>
Total operating expenses	<u>132,423</u>
OPERATING INCOME (LOSS)	(13,604)
NONOPERATING REVENUES (EXPENSES)	
Interest income	7,017
Interest expense	<u>(9,530)</u>
Total nonoperating revenues (expenses)	<u>(2,513)</u>
CHANGE IN NET ASSETS	(16,117)
NET ASSETS - BEGINNING OF YEAR	<u>863,544</u>
NET ASSETS - ENDING OF YEAR	<u><u>\$ 847,427</u></u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2006

	<u>Water Supply System Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 116,489
Payments to suppliers	(35,714)
Payments to employees	(34,111)
Benefit payments	(16,102)
Payments for interfund services used	<u>(3,449)</u>
Net cash provided (used) by operating activities	 27,113
Cash flows from capital and related financing activities	
Receipts from special assessments	10,512
Principal paid on debt	(10,000)
Interest paid on debt	(9,750)
Purchase of capital assets	<u>-</u>
Net cash provided (used) by capital and related financing activities	 (9,238)
Cash flows from investing activities	
Interest received on investments	<u>7,017</u>
Net increase (decrease) in cash	24,892
Cash and Cash Equivalents - Beginning of Year	 <u>80,348</u>
Cash and Cash Equivalents - End of Year	 <u><u>\$ 105,240</u></u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2006

	<u>Water Supply System Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities Operating income (loss)	\$ (13,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities Depreciation	42,000
(Increase) decrease in: Accounts receivable	(2,330)
Increase (decrease) in: Accounts payable Accrued liabilities	1,074 <u>(27)</u>
Net cash provided by (used for) operating activities	<u>\$ 27,113</u>

See accompanying notes to financial statements

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of White Pigeon conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to villages. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB 20 and 34 provide the Village the option of electing to apply FASB pronouncements issued after November 30, 1989. The Village has elected not to apply those pronouncements. The more significant accounting policies establishing GAAP and used by the Village are discussed below.

Reporting Entity

The Village of White Pigeon operates a Council-President form of government and provides the following services as authorized by its charter: public safety (police, fire and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, GASB 14, these financial statements present the Village (the primary government) and its component units, entities for which the Village is considered to be financially accountable. There are no component units to be included in these financial statements.

Basis of Accounting - Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Village as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which the governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Village and for each governmental and component unit program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Some functions, such as administrative and financial services include expenses that are, in essence, indirect expenses of other functions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Village.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting - Fund Financial Statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- * Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- * Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The Village reports the following major funds:

General Fund - The general fund is the general operating fund of the Village. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state shared revenues and charges for services.

Special Revenue Funds

Major Street Fund - To account for gas and weight tax allocations to the Village by the Michigan Department of Transportation for construction and maintenance of major streets within the Village.

Local Street Fund - To account for gas and weight tax allocations to the Village by the Michigan Department of Transportation for construction and maintenance of local streets within the Village.

Enterprise Funds

Water Supply System Fund - To account for user charges and for operating expenses and debt service of the Village's water system.

The following is a description of two major categories and various fund types within those categories into which the funds are grouped:

Governmental Fund - All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition - "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes, special assessments, licenses, interest revenue and charges for sales and services as susceptible to accrual if the amount was due on or before fiscal year end and collection was within one year after year end except for property taxes for which collection must be within two months of year end. Reimbursements due for state and federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made. All other revenue is recognized as payments are received.

Expenditure Recognition - The measurement focus of governmental accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The following is a description of the governmental fund types of the Village:

General Fund - The general fund is the general operating fund of the Village. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state shared revenues and charges for services.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds - All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility receivables are recorded at year end.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following is a description of the proprietary fund types of the Village:

Enterprise Funds - Enterprise funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgets and Budgetary Accounting - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the general and special revenue funds. The Village adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- * On or about March 31, the Village Council submits to the general public a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- * Public hearings are conducted to obtain taxpayer comments.
- * On or about April 1, the budget is legally enacted through passage of resolution.
- * The Village Council is authorized to transfer budgeted amounts within departments.
- * The budget for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.
- * Appropriations for the general fund and special revenue funds lapse at the end of the fiscal year.
- * Budgeted amounts are as originally adopted or as amended by the Village Council.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits and Investments - Statutes authorize the primary government and component units to invest in the following:

- * In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
- * In certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a saving and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- * In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- * In United States government of federal agency obligation repurchase agreements.
- * In banker's acceptances of United States banks.
- * In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- * In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/due from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets and Depreciation - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Contributed assets are recorded at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are also capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Land improvements	15-40
Streets	15-20
Utility systems	30-50
Buildings and improvements	15-50
Machinery and equipment	5-20
Vehicles	2-7
Furniture and other	3-7

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Property Taxes - The Village's property taxes are levied as an enforceable lien on property as of December 1. Village taxes are levied on the following July 1 and are payable without penalty through September 16. Real property taxes not collected as of March 1 are turned over to St. Joseph County for collection. The County advances the Village 100% for delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Village's treasurer. The Village's property taxes levied on July 1 provide the revenue for the current fiscal year.

The assessed and state equalized taxable value of real and personal property located in the Village totaled \$26,107,196. The Village's general operating levy for the year was based on a millage rate of 9.14610.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences - It is the Village's policy to not pay for unused vacation or sick days and not to allow accumulation of unpaid days. Therefore, no current or long-term liability has been accrued.

Fund Equity - In the fund statements, reservations of fund balance represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS

The Village's deposits and investments are included on the balance sheet under the following classifications:

	Primary <u>Government</u>
Statement of Net Assets:	
Cash and investments	<u>\$ 335,205</u>

Cash - Statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

At March 31, 2006, the book balance was \$335,205 and the bank balance (without recognition of outstanding checks or deposits in transit) was \$345,903, of which \$305,992 was insured by federal depository insurance and \$39,911 was uninsured.

The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution it deposits Village Funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 3 - RECEIVABLES

Receivables in the governmental activities are 100 percent due from other governments. Business-type activities receivables are 76 percent special assessments receivable and 24 percent due from customers.

Accounts receivable in the governmental activities and the business-type activities are reported net of an allowance for uncollectible accounts of -0-.

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2006, was as follows:

	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
<u>Primary Government</u>				
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 23,500	\$ -	\$ -	\$ 23,500
Capital assets, being depreciated:				
Land improvements	15,900	-	-	15,900
Buildings and improvements	379,645	-	-	379,645
Machinery and equipment	<u>438,735</u>	<u>10,000</u>	<u>(10,000)</u>	<u>438,735</u>
Subtotal	834,280	10,000	(10,000)	834,280
Accumulated depreciation				
Land improvements	11,660	1,060	-	12,720
Buildings and improvements	279,988	9,491	-	289,479
Machinery and equipment	<u>336,364</u>	<u>29,249</u>	<u>(10,000)</u>	<u>355,613</u>
Subtotal	<u>628,012</u>	<u>39,800</u>	<u>(10,000)</u>	<u>657,812</u>
Net capital assets being depreciated	<u>206,268</u>			<u>176,468</u>
Net capital assets	<u>\$ 229,768</u>			<u>\$ 199,968</u>

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 4 - CAPITAL ASSETS - Continued

	Balance April 1, 2005	Additions	Disposals/ Transfers	Balance March 31, 2006
Business-Type activities				
Capital assets, not being depreciated:				
Land	\$ 15,800	\$ -	\$ -	\$ 15,800
Capital assets, being depreciated:				
Water supply system	1,219,970	-	-	1,219,970
Accumulated depreciation				
Water supply system	<u>408,266</u>	<u>42,000</u>	<u>-</u>	<u>450,266</u>
Net capital assets being depreciated	<u>811,704</u>			<u>769,704</u>
Net capital assets	<u>\$ 827,504</u>			<u>\$ 785,504</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ 20,370	Water Supply	
Public safety	11,630	System	<u>\$ 42,000</u>
Public works	<u>7,800</u>		
Total	<u>\$ 39,800</u>		

VILLAGE OF WHITE PIGEON

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 5 - LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended March 31, 2006:

	Balance April 1, 2005	Additions	Reductions	Balance March 31, 2006	Current Portion
Business-Type Activities					
Revenue bonds	\$ 185,000	\$ -	\$ 10,000	\$ 175,000	\$ 10,000

Long-term debt payables at March 31, 2006, consisted of the following individual issues:

Business-Type Activities

Water Supply System bonds payable in
annual installments of \$5,000 to
\$15,000 through May 1, 2017;
interest at 5.25% \$ 175,000

Debt Service Requirements

The annual requirements to service all debt outstanding as of March 31, 2006 including both principal and interest, are as follows:

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 10,000	\$ 9,188	\$ 19,188
2008	15,000	8,663	23,663
2009	15,000	7,875	22,875
2010	15,000	7,088	22,088
2011	15,000	6,300	21,300
2012-2016	75,000	19,687	94,687
2017-2020	<u>30,000</u>	<u>2,363</u>	<u>32,363</u>
Total	<u>\$ 175,000</u>	<u>\$ 61,164</u>	<u>\$ 236,164</u>

VILLAGE OF WHITE PIGEON

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 6 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for most risks of loss to which it is exposed. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 7 - RETIREMENT PROGRAMS

The Village has a retirement plan which covers certain employees. The Village pays the total cost of the plan. There were no unfunded past service costs at March 31, 2006. The retirement expense of the Village included in computing excess of revenues over expenditures for the year ended March 31, 2006, was \$15,165.

NOTE 8 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The annual budget is prepared by the Village management and adopted by the Village Council; subsequent amendments are approved by the Village Council. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with generally accepted accounting principles.

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village were adopted on a fund level basis.

During the year ended March 31, 2006, the Village incurred the following expenditures in excess of the amounts appropriated at the legal level of budgetary control:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Public safety	\$ 309,059	\$ 315,411	\$ 6,352
Public works	\$ 105,814	\$ 108,355	\$ 2,541

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF WHITE PIGEON

REQUIRED SUPPLEMENTAL INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
REVENUES				
Taxes	\$ 271,000	\$ 267,616	\$ 273,066	\$ 5,450
Licenses and permits	3,000	3,000	2,401	(599)
Federal grants	-	11,778	11,904	126
State aid/grants	167,200	167,200	167,623	423
Charges for services	23,000	24,056	21,106	(2,950)
Fines and forfeits	17,400	15,150	14,628	(522)
Miscellaneous	<u>7,500</u>	<u>3,500</u>	<u>5,110</u>	<u>1,610</u>
Total revenues	489,100	492,300	495,838	3,538
EXPENDITURES				
General government	101,103	87,843	78,562	9,281
Public safety	276,450	309,059	315,411	(6,352)
Public works	<u>112,000</u>	<u>105,814</u>	<u>108,355</u>	<u>(2,541)</u>
Total expenditures	<u>489,553</u>	<u>502,716</u>	<u>502,328</u>	<u>388</u>
Excess (deficiency) of revenues over expenditures	(453)	(10,416)	(6,490)	3,926
FUND BALANCE - Beginning of year	<u>181,499</u>	<u>181,499</u>	<u>181,499</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 181,046</u>	<u>\$ 171,083</u>	<u>\$ 175,009</u>	<u>\$ 3,926</u>

VILLAGE OF WHITE PIGEON

REQUIRED SUPPLEMENTAL INFORMATION
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
REVENUE				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 81,256	\$ 1,256
EXPENDITURES				
Public works	<u>64,820</u>	<u>59,465</u>	<u>56,750</u>	<u>2,715</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	15,180	20,535	24,506	3,971
OTHER FINANCING (USES)				
Operating transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER USES	8,180	13,535	17,506	3,971
FUND BALANCE - BEGINNING OF YEAR	<u>55,967</u>	<u>55,967</u>	<u>55,967</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 64,147</u>	<u>\$ 69,502</u>	<u>\$ 73,473</u>	<u>\$ 3,971</u>

VILLAGE OF WHITE PIGEON

REQUIRED SUPPLEMENTAL INFORMATION
LOCAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
REVENUE				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 33,178	\$ 3,178
EXPENDITURES				
Public works	<u>36,730</u>	<u>47,030</u>	<u>42,502</u>	<u>4,528</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(6,730)	(17,030)	(9,324)	7,706
OTHER FINANCING SOURCES				
Operating transfers in	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	270	(10,030)	(2,324)	7,706
FUND BALANCE - BEGINNING OF YEAR	<u>50,921</u>	<u>50,921</u>	<u>50,921</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 51,191</u>	<u>\$ 40,891</u>	<u>\$ 48,597</u>	<u>\$ 7,706</u>

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF WHITE PIGEON

GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED MARCH 31, 2006

	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Property taxes - general	\$ 242,616	\$ 247,465	\$ 4,849
Property taxes - road maint.	25,000	25,601	601
Licenses and permits	3,000	2,401	(599)
Federal grants	11,778	11,904	126
State shared revenues	160,000	161,210	1,210
State reimb. - police training	1,000	899	(101)
State Metro Act funds	6,200	5,514	(686)
Interest income	2,000	3,859	1,859
Rental income	23,000	20,050	(2,950)
Miscellaneous income	1,500	1,251	(249)
Rental inspection fees	1,056	1,056	-
Drug forfeitures	4,000	2,342	(1,658)
Police charges and fines	<u>11,150</u>	<u>12,286</u>	<u>1,136</u>
Total revenues	492,300	495,838	3,538
EXPENDITURES			
Village council	91,410	85,145	6,265
Elections	-	-	-
Clerk	5,650	5,652	(2)
Treasurer	6,383	6,426	(43)
Village hall	4,000	4,281	(281)
Police department	302,059	309,042	(6,983)
Fire service	3,000	3,000	-
Building official	-	-	-
Rubbish	-	-	-
Park	4,400	3,991	409
Maintenance	<u>85,814</u>	<u>84,791</u>	<u>1,023</u>
Total expenditures	<u>502,716</u>	<u>502,328</u>	<u>388</u>
Excess (deficiency) of revenues over expenditures	(10,416)	(6,490)	3,926
FUND BALANCE - BEGINNING	<u>181,499</u>	<u>181,499</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 171,083</u>	<u>\$ 175,009</u>	<u>\$ 3,926</u>

VILLAGE OF WHITE PIGEON

GENERAL FUND STATEMENTS OF EXPENDITURES, COMPARED TO BUDGET YEAR ENDED MARCH 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
VILLAGE COUNCIL			
Council salaries	\$ 5,300	\$ 5,160	\$ 140
Office salaries	13,000	13,487	(487)
Employer's social security	1,370	1,413	(43)
Hospitalization insurance	7,500	7,639	(139)
Retirement	521	521	-
Workers' compensation	500	785	(285)
Office supplies	3,473	4,125	(652)
Professional services	10,320	10,645	(325)
Memberships and dues	3,000	2,450	550
Communications	1,000	688	312
Community promotion	1,000	1,689	(689)
Printing and publishing	600	741	(141)
General insurance	10,000	7,221	2,779
Street lighting	20,000	23,564	(3,564)
School crossing guard	4,000	3,369	631
Miscellaneous	826	1,083	(257)
Repairs and maintenance	1,000	565	435
Capital outlay	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total Village Council	91,410	85,145	6,265
ELECTIONS			
Supplies	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Elections	-	-	-
CLERK			
Salary	5,250	5,250	-
Employer's social security	400	402	(2)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Clerk	5,650	5,652	(2)

VILLAGE OF WHITE PIGEON

GENERAL FUND

STATEMENTS OF EXPENDITURES, COMPARED TO BUDGET - Continued
YEAR ENDED MARCH 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
TREASURER			
Salary	5,000	5,000	-
Employer's social security	383	382	1
Supplies	1,000	1,025	(25)
Miscellaneous	<u>-</u>	<u>19</u>	<u>(19)</u>
Total Treasurer	6,383	6,426	(43)
VILLAGE HALL			
Repairs and maintenance	500	-	500
Utilities	2,500	3,118	(618)
Miscellaneous	<u>1,000</u>	<u>1,163</u>	<u>(163)</u>
Total Village Hall	4,000	4,281	(281)
POLICE DEPARTMENT			
Salaries	176,000	183,799	(7,799)
Employer's social security	13,500	13,924	(424)
Hospitalization insurance	45,031	45,397	(366)
Retirement	10,600	9,490	1,110
Workers' compensation	2,500	5,397	(2,897)
Supplies	4,300	2,963	1,337
Uniforms	4,000	4,038	(38)
Professional services	3,500	4,288	(788)
Memberships and dues	450	175	275
Communications	1,500	1,130	370
General insurance	8,600	6,874	1,726
Education and training	500	620	(120)
Gas and oil	5,000	7,585	(2,585)
Repairs and maintenance	6,800	7,838	(1,038)
Salvage inspection program	1,000	1,565	(565)
Drug forfeiture program	2,000	1,570	430
Miscellaneous	11,778	7,389	4,389
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Police Department	302,059	309,042	(6,983)
FIRE SERVICE			
Fire contract	3,000	3,000	-

VILLAGE OF WHITE PIGEON

GENERAL FUND

STATEMENTS OF EXPENDITURES, COMPARED TO BUDGET - Continued
YEAR ENDED MARCH 31, 2006

	Final Budget	Actual	Variance- Favorable (Unfavorable)
BUILDING OFFICIAL			
Salaries	-	-	-
Employer's social security	-	-	-
Miscellaneous	-	-	-
Total Building Official	-	-	-
RUBBISH			
Collections services	-	-	-
PARK			
Repairs and maintenance	500	-	500
Utilities	400	491	(91)
Contracted services	3,500	3,500	-
Total Park	4,400	3,991	409
MAINTENANCE			
Salaries	39,072	41,105	(2,033)
Employer's social security	3,585	3,089	496
Hospitalization insurance	8,575	10,002	(1,427)
Retirement	1,351	859	492
Workers' compensation	3,136	(1,173)	4,309
Supplies	440	724	(284)
Uniforms	1,368	1,337	31
Communications	500	500	-
Fuel, oil and lube	5,500	6,318	(818)
General insurance	8,000	5,925	2,075
Utilities	2,000	3,555	(1,555)
Repairs - equipment	3,555	3,794	(239)
Repairs - general	3,200	3,125	75
Miscellaneous	307	405	(98)
Capital outlay	5,225	5,226	(1)
Total Maintenance	85,814	84,791	1,023
Total Expenditures	502,716	\$502,328	\$ 388

VILLAGE OF WHITE PIGEON

MAJOR STREET FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
State highway grant	\$ 80,000	\$ 81,256	\$ 1,256
EXPENDITURES			
Street construction	-	-	-
Routine maintenance			
Salaries and wages	650	194	456
Employer's social security	50	9	41
Hospitalization insurance	560	278	282
Retirement	860	859	1
Workers' compensation	245	245	-
General insurance	7,000	6,874	126
Street maintenance	26,615	25,943	672
Equipment rental	6,000	3,852	2,148
Winter maintenance			
Salaries and wages	5,000	4,290	710
Employer's social security	390	328	62
Hospitalization insurance	4,340	5,310	(970)
Retirement	860	859	1
Workers' compensation	245	245	-
Supplies	1,650	1,103	547
Equipment rental	5,000	6,361	(1,361)
Total expenditures	59,465	56,750	2,715
Excess of revenues over expenditures	20,535	24,506	3,971
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(7,000)	(7,000)	-
Excess (deficiency) of revenues over expenditures and other uses	13,535	17,506	3,971
FUND BALANCE - BEGINNING	55,967	55,967	-
FUND BALANCE - ENDING	<u>\$ 69,502</u>	<u>\$ 73,473</u>	<u>\$ 3,971</u>

VILLAGE OF WHITE PIGEON

**LOCAL STREET FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
State highway grant	\$ 30,000	\$ 33,178	\$ 3,178
EXPENDITURES			
Street construction	-	-	-
Routine maintenance			
Salaries and wages	2,000	1,041	959
Employer's social security	100	58	42
Hospitalization insurance	2,065	1,919	146
Retirement	860	859	1
Workers' compensation	245	245	-
General insurance	8,000	6,874	1,126
Street maintenance	18,900	17,985	915
Equipment rental	4,000	3,514	486
Winter maintenance			
Salaries and wages	1,665	1,813	(148)
Employer's social security	150	159	(9)
Hospitalization insurance	3,835	3,668	167
Retirement	860	859	1
Workers' compensation	245	245	-
Supplies	1,105	1,129	(24)
Equipment rental	3,000	2,134	866
Total expenditures	<u>47,030</u>	<u>42,502</u>	<u>4,528</u>
Excess (deficiency) of revenues over expenditures	(17,030)	(9,324)	7,706
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Excess of revenues and other sources over expenditures	(10,030)	(2,324)	7,706
FUND BALANCE - BEGINNING	<u>50,921</u>	<u>50,921</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 40,891</u></u>	<u><u>\$ 48,597</u></u>	<u><u>\$ 7,706</u></u>

VILLAGE OF WHITE PIGEON

WATER SUPPLY SYSTEM FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	Final <u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
OPERATING REVENUES			
Charges for services	\$ 107,200	\$118,819	\$ 11,619
OPERATING EXPENSES			
Salaries and wages	30,858	34,084	(3,226)
Employer's social security	2,360	2,609	(249)
Hospitalization insurance	11,510	11,947	(437)
Retirement	900	859	41
Workers' compensation	700	687	13
Office supplies	615	610	5
Professional services	150	150	-
General insurance	7,453	6,874	579
Utilities	4,000	3,962	38
Repair and maintenance	24,350	25,192	(842)
Equipment rental	5,000	3,449	1,551
Depreciation	42,000	42,000	-
Miscellaneous	<u>800</u>	<u>-</u>	<u>800</u>
Total operating expenses	<u>130,696</u>	<u>132,423</u>	<u>(1,727)</u>
OPERATING INCOME (LOSS)	(23,496)	(13,604)	9,892
NONOPERATING REVENUES (EXPENSES)			
Interest income	7,000	7,017	17
Interest expense	<u>(9,750)</u>	<u>(9,530)</u>	<u>220</u>
Total nonoperating revenues (expenses)	<u>(2,750)</u>	<u>(2,513)</u>	<u>237</u>
CHANGE IN NET ASSETS	(26,246)	(16,117)	10,129
NET ASSETS - BEGINNING	<u>863,544</u>	<u>863,544</u>	<u>-</u>
NET ASSETS - ENDING	<u>\$ 837,298</u>	<u>\$847,427</u>	<u>\$ 10,129</u>